

September 27, 2021

Honorable Howard Marklein, Co-Chair
Joint Committee on Finance
316 East, State Capitol
P.O. Box 7882
Madison, WI 53707

Honorable Mark Born, Co-Chair
Joint Committee on Finance
308 East, State Capitol
P.O. Box 8953
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Honorable Robert Cowles, Co-Chair
Joint Committee on Audit
118 South, State Capitol
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Honorable Samantha Kerkman, Co-Chair
Joint Committee on Audit
315 North, State Capitol
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Mr. Mike Queensland
Senate Chief Clerk
P.O. Box 7882
Madison, WI 53707

Mr. Ted Blazel
Assembly Chief Clerk
Room 401, 17 West Main Street
Madison, WI 53703

Subject: Investment Policies, Objectives and Guidelines

Members of the Legislature:

Pursuant to Section 25.17(14r) of the Wisconsin Statutes, I want to advise you that since our last report on June 25, 2021 there were some revisions to (1) the Board of Trustees Wisconsin Retirement System (WRS) Investment Policy, (2) the State Investment Fund (SIF) & Separately Managed Funds Investment Policy and Guidelines, and (3) the SWIB Investment Committee (IC) WRS Investment Guidelines.

At its September 14, 2021 meeting, the Board of Trustees approved changes to both the Board of Trustees WRS Investment Policy and the SIF & Separately Managed Funds Investment Policy and Guidelines to reflect the transfer of risk management functions within SWIB from the Asset & Risk Allocation Division to the newly created Risk Management Division. The Board also approved changes to the SIF & Separately Managed Funds Investment Policy and Guidelines to reflect an additional allocation of capital from the UW System under our existing investment management relationship. All changes had been recommended by the Investment Committee.

At its June 22, 2021 meeting, the Investment Committee approved amendments to the SWIB IC WRS Investment Guidelines, which included:

- Modifying the portfolio guidelines for the high yield bond portfolio to permit investments in equity exchange traded funds (ETFs) in addition to high yield ETFs, carve out Treasuries and Treasury futures from the issuer concentration limit, and add a soft risk parameter to monitor equity exposure within the portfolio; and
- Adding a soft risk parameter for the SIF to monitor single issuer concentration.

These amendments were reported to the Board of Trustees at its September 14, 2021 meeting.

If you have questions on any of the changes, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Rochelle Klaskin".

Rochelle Klaskin
Deputy Executive Director/Chief Administrative Officer

cc: Jay Risch, SWIB Government Relations Liaison
Members, Joint Committee on Audit
Members, Joint Committee on Finance
Joe Chrisman, Legislative Audit Bureau
Robert Lang, Legislative Fiscal Bureau